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PSC GRANTS RATE INCREASE FOR NORTHERN KENTUCKY WATER DISTRICT

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FRANKFORT, KY – The Kentucky Public Service Commission has granted a 30 percent revenue increase sought by the Northern Kentucky Water District.

With the increase, the district's annual revenue would rise from the current \$20 million to nearly \$26 million. It is the first increase sought by the Northern Kentucky Water District since it was formed in 1997 through the merger of water districts in Campbell and Kenton counties.

The new rates provide a single rate structure throughout most of the Northern Kentucky Water District, replacing separate rates for customers in the former Campbell and Kenton county districts. Quarterly (every three months) bills for typical residential customers (based on estimated usage of 18,000 gallons per quarter) would rise as follows:

County	Current Quarterly Bill	New Quarterly Bill	% Increase
Campbell	\$64.71	\$71.84	11%
Kenton	\$47.67	\$71.84	51%

The Northern Kentucky Water District provides retail service to more than 63,000 customers and is the wholesale water provider for the Bullock Pen and Pendleton County water districts, as well as the cities of Taylor Mill and Walton. Until recently, the Northern Kentucky Water District also supplied water to the Boone County Water District and the city of Florence. They now purchase water from Cincinnati.

In an order issued yesterday, the PSC also authorized the Northern Kentucky Water District to issue \$30.3 million in bonds to pay for improvements throughout its service territory.

The PSC also concluded that the revenue increase sought by the district is too small to cover anticipated costs. The PSC gave the district the option of immediately amending its rate request to raise annual revenue by an additional \$2 million.

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The order issued yesterday does not incorporate the Northern Kentucky Water District's recent purchase of the city of Newport's water system. It will take additional time to determine the financial implications of the acquisition on the district's operations, the PSC said.

Therefore, the cost of the acquisition, the revenue from Newport customers and the cost of serving those customers are not included in the rates approved in this case. The district is expected to apply later this year for a further revenue adjustment that reflects the Newport acquisition. Until the further revenue adjustment takes effect, Newport customers will continue to receive service under the rates that existed when the system was acquired by the Northern Kentucky Water District.

The order, related case documents and a videotape of the hearing in the case are posted on the PSC Web site, www.psc.state.ky.us. The case number is 2002-00105.

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